

Message Text

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DRAFTED BY OASD/ISA:L/COL.TESSMER
APPROVED BY EUR:JEGOODBY
OSD:SEC. BROWN
EUR/WE:WWOESSNER (SUBS)
EUR/RPM:JAFROEBE
-----098523 131832Z /43

O P 131808Z MAY 78
FM SECSTATE WASHDC
TO AMEMBASSY BONN IMMEDIATE
INFO USMISSION USNATO PRIORITY

C O N F I D E N T I A L STATE 122719

E.O. 11652: GDS

TAGS:MPOL, NATO, AWACS, GW,IT

SUBJECT: NATO AWACS

PLEASE DELIVER TO DEFENSE MINISTER APEL THE TEXT OF THE
FOLLOWING LETTER FROM SECRETARY BROWN. BEGIN TEXT:
MAY 12, 1978
DEAR COLLEAGUE:

THANK YOU VERY MUCH FOR YOUR HELPFUL LETTER ON THE LTDP.
AS I SEE IT, THERE ARE FOUR KEY ISSUES ON WHICH THE FRG
AND WE NEED TO WORK TOGETHER TO ACHIEVE A SUCCESSFUL SUMMIT
AND A STRONGER NATO DEFENSE: (1) AN ALLIANCE AWACS;
(2) DEPLOYING FORWARD A SECOND DUTCH BRIGADE; (3) A BOLD
LTDP; AND (4) LAUNCHING SEVERAL JOINT DEVELOPMENT PROJECTS
AS A FRUITFUL LONG-TERM WAY TO GET MORE OF A TWO-WAY
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STREET. THIS LETTER ADDRESSES AWACS; I WILL BE IN TOUCH
WITH YOU ABOUT THE OTHER THREE.

I KNOW YOU AGREE THAT AWACS WILL ADD GREATLY TO THE DEFENSE
CAPABILITY OF THE ALLIANCE AND THAT IT IS AN IMPORTANT
POLITICAL SYMBOL OF ALLIANCE COOPERATION. UNLESS WE GO
FORWARD SOON, COSTS WILL BEGIN TO RISE. THE IRANIAN AWACS

BUY WILL KEEP THE PRODUCTION LINE OPEN, BUT IT DOES NOT PROTECT STANDARD CONFIGURATION AT ANYWHERE NEAR CURRENT COST ESTIMATES SINCE THE US AND IRAN MUST CONTINUE WITH THE PRESENTLY PLANNED US CONFIGURATION IF WE CANNOT BE ASSURED BY 1 OCTOBER THAT THE STANDARD VERSION WILL BE AVAILABLE. THE US CANNOT GO IT ALONE BECAUSE OF RESTRICTIONS PLACED ON US BY THE US CONGRESS. STRONGLY AFFIRMATIVE ACTION BY MINISTERS AT THE DPC -- SUCH AS AGREEING TO AN INTERIM FUNDING ARRANGEMENT -- WOULD HELP TO JUSTIFY TO THE CONGRESS A CHANGE IN PRESENT RESTRICTIONS AND WOULD ALSO PROVIDE A BASIS FOR MY REQUESTING OF THEM APPROPRIATE FY 79 FUNDING (OUR FISCAL YEAR 1979 BEGINS OCTOBER 1, 1978).

FOR ALL THESE REASONS, IT IS VERY IMPORTANT IN MY VIEW THAT AT THE DPC NEXT WEEK MINISTERS COMMIT IN PRINCIPLE TO AIM FOR SIGNATURE BY COUNTRIES OF THE AWACS PROGRAM AGREEMENT LATER THIS YEAR. I REALIZE THAT THE BUNDESTAG PROBABLY CANNOT COMPLETE ACTION WHICH WOULD ENABLE THE FRG ACTUALLY TO ENTER INTO SUCH AN AGREEMENT BY THE TIME OF THE SUMMIT, BUT I BELIEVE AN INTERIM COMMITMENT WOULD SERVE TO MOVE THE PROJECT FORWARD WHILE LEAVING TIME FOR NECESSARY NATIONAL PROCESSES TO BE COMPLETED.

I AM DEEPLY CONCERNED THAT A FAILURE ON OUR PART TO REACH EVEN SUCH AN INTERIM ARRANGEMENT AS I HAVE DESCRIBED WILL
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CAST A PALL OVER ANY OTHER COOPERATIVE UNDERSTANDINGS THAT WE REACH AT THE SUMMIT. AWACS IS THE ONLY NEAR TERM COOPERATIVE PROGRAM PENDING BEFORE THE ALLIANCE. EVERY TIME WE TALK WITH THE PRESS ABOUT SUMMIT PROSPECTS, THEY ASK WHETHER AWACS WILL BE SETTLED FINALLY AT THE SUMMIT. I'M SURE YOU WILL UNDERSTAND MY CONCERN ABOUT THE ADVERSE IMPACT ON THE ALLIANCE AND THE IMPRESSION IT WILL MAKE AT THIS IMPORTANT TIME ON THE SOVIET UNION IF WE AGREE GENERALLY ON MAJOR STEPS TO IMPROVE AND STRENGTHEN ALLIANCE DEFENSIVE CAPABILITIES IN THE FUTURE BUT CANNOT AGREE SPECIFICALLY ON THE SINGLE MAJOR INITIATIVE THAT IS READY FOR IMPLEMENTATION NOW.

FROM MY PREVIOUS CONVERSATION WITH YOU, I KNOW YOU RECOGNIZE THE SUBSTANTIAL ECONOMIC BENEFITS THAT WILL ACCRUE TO THE FRG FROM THE NATO AWACS PROGRAM. I AM ATTACHING A PAPER THAT SUMMARIZES THESE BENEFITS. IT SHOWS THAT THE FEDERAL REPUBLIC STANDS TO RECOUP FROM THE PROGRAM ITSELF VIRTUALLY ITS ENTIRE CONTRIBUTION TO THE PROGRAM. THEREFORE, I DO NOT BELIEVE THAT OTHER PROCUREMENTS ARE ESSENTIAL TO COMPENSATE FINANCIALLY FOR AWACS PARTICIPATION. NEVERTHELESS, I TAKE YOUR POINT ABOUT THE POLITICAL NEED

FOR GREATER TRAFFIC ON THE TWO-WAY STREET. I KNOW YOU ARE AWARE THAT THIS ADMINISTRATION INTENDS TO DO ITS BEST, AS INDICATED BY OUR DECISION ON THE TANK GUN. INDEED, BOTH THE SECRETARY OF STATE AND I LAST WEEK EXPENDED CONSIDERABLE PERSONAL EFFORT IN SUCCESSFULLY PERSUADING THE HOUSE ARMED SERVICES COMMITTEE TO REVERSE ITS TENTATIVE DECISION TO POSTPONE AUTHORIZATION FOR THE 120MM GUN. I TRUST THAT A SIMILAR EFFORT WITH THE BUNDESTAG IS CONTEMPLATED BY YOU AND OTHER SENIOR OFFICIALS WITH RESPECT TO AWACS.

IN THAT CONNECTION, YOU MAY ASSURE THE BUNDESTAG THAT WE ARE CLOSE TO CONTRACTING FOR A LARGE BUY (ABOUT \$100
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MILLION) OF ADMINISTRATIVE VEHICLES. THESE VEHICLES ARE ATTRACTIVE TO US BECAUSE THEY ARE A COST EFFECTIVE SOLUTION TO OUR REQUIREMENTS. WE ARE ALSO STUDYING THE POSSIBILITY OF PROCURING GERMAN TACTICAL VEHICLES FOR USE BY US FORCES IN GERMANY. FURTHER, I AM PREPARED TO AGREE TO YOUR SUGGESTION THAT WE NEGOTIATE WITH RESPECT TO THE TELEPHONE SYSTEM AND THAT COST WOULD NOT BE THE ONLY CRITERION. I THINK YOU WILL AGREE, HOWEVER, THAT THE PRICE MUST BE REASONABLE; THE PRICE PROPOSED BY THE BUNDESPOST DOES NOT SO FAR MEET THIS TEST SINCE, I AM TOLD, IT IS SOME THREE TIMES THAT AT WHICH WE CAN BUY COMPARABLE US EQUIPMENT. ON GEPARD, I SHOULD NOTE THAT THE FRG HAS NEVER GIVEN US A SPECIFIC LEASING PROPOSAL SINCE WE BROACHED THE IDEA OF A LEASE SOME TIME AGO. I WOULD BE PREPARED TO CONSIDER FURTHER NEGOTIATIONS IF THE FRG DID SO ON REASONABLE TERMS, TAKING INTO ACCOUNT THAT THE US ARMY WILL HAVE ITS OWN SYSTEM BY 1982. HOWEVER, AS I TOLD YOU LAST MONTH, I AM NOT OPTIMISTIC ABOUT REACHING AGREEMENT.

WE HAVE ALREADY, OF COURSE, PROPOSED COOPERATIVE DEVELOPMENT OF SEVERAL FAMILIES OF ADVANCED WEAPONS AND EQUIPMENT WHICH WOULD RESULT IN CONSIDERABLE DOLLAR FLOW TO THE FRG. WE HAVE ALSO OFFERED AIM-9L, MOD FLIR, JTIDS, STINGER, AND PATRIOT FOR COPRODUCTION. THE FIRST TWO ARE NOW UNDERWAY, AND WE HAVE JUST REACHED AGREEMENT TO PURSUE JOINT DEVELOPMENT OF A MEDIUM-RANGE ROCKET SYSTEM. I THINK THAT YOU WILL AGREE THAT THIS PROMISING PROGRESS DEMONSTRATES GOOD FAITH.

I AM ALSO ENCOURAGED BY WORD THAT MINISTER RUFFINI IS MOVING TOWARD INCREASING ITALIAN PAYMENTS TO AT LEAST \$5 MILLION A YEAR THROUGH 1983, WITH THE REMAINDER TO FOLLOW OVER THE NEXT FOUR TO FIVE YEARS. THIS IS A VERY SUBSTANTIAL
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TIAL IMPROVEMENT IN THE ITALIAN POSITION, TAKEN IN PART

TO DEMONSTRATE POLITICALLY ITALY'S DEDICATION TO THE ALLIANCE. IT IS A PARTICULARLY COURAGEOUS ACT IN LIGHT OF THE NEAR CRISIS CONDITIONS IN ROME.

IN SUMMARY, LET ME EMPHASIZE THAT THERE IS A PRESSING MILITARY AND POLITICAL NEED FOR AWACS. MY GOVERNMENT COUNTS ON YOUR GOVERNMENT'S STRONG SUPPORT IN THIS MATTER.

I AM LOOKING FORWARD TO SEEING YOU AGAIN IN BRUSSELS ON THE 18TH.

SINCERELY,

ATTACHMENT:

ECONOMIC RETURN TO THE FRG FROM THE NATO AWACS PROGRAM (\$ 1977)

--	PROPOSED FRG	DIRECT ECONOMIC
--	SHARE	RETURN

ACQUISITION PHASE

AIRCRAFT ACQUISITION	484	207 (AFTER
--	FLOWBACK)	
GROUND ENVIRONMENT	43	19
BASE CONSTRUCTION	21	48
ADMINISTRATION	13	3
SUBTOTAL	561	277

OPERATIONS PHASE (20 YEARS)

O&S COSTS/EXPENDITURES AT MOB	560	820
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TOTAL	1121	1097
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OVER 20 YEARS THE DIRECT RETURN FROM ACQUISITION EXPENDITURES AND RETURN FROM O&S EXPENDITURES AT THE MOB WILL VIRTUALLY EQUAL TOTAL FRG EXPENDITURES FOR THE PROGRAM.

THE FRG WILL BENEFIT FROM AS MANY AS 1000 INDUSTRIAL JOBS
GENERATED DURING ACQUISITION AND 2000 CIVILIAN JOBS AT THE
MOB. THERE WILL ALSO BE TRANSFER OF HIGH TECHNOLOGY IN
RADAR, DATA PROCESSING AND COMMUNICATIONS EQUIPMENT.
(BOEING ESTIMATES.)

ALL DATA BASED ON NATO PO/78/18; MARCH 7, 1978 (AS
AMENDED), "PROGRAM PACKAGE PROPOSAL."
END TEXT. VANCE

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Message Attributes

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Subject: NATO AWACS PLEASE DELIVER TO DEFENSE MINISTER APEL THE TEXT OF THE FOLLOWING LETTER FROM SECRETARY BROWN. BEGIN TEXT
TAGS: MPOL, GE, IT, US, NATO, (BROWN, HAROLD), (APEL, HANS)
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